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TO RUEHC/SECSTATE WASHDC 2290  
INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE  
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RUEAIIA/CIA WASHDC

UNCLAS MANAGUA 000336

SIPDIS

STATE FOR WHA/CEN, EB/IFD/OIA AND L/CID  
STATE FOR WHA/EPSC  
STATE PLEASE PASS TO USTR  
TREASURY FOR INL AND OWH

SENSITIVE  
SIPDIS

E.O. 12958: N/A  
TAGS: [EINV](#) [ECON](#) [USTR](#) [KIDE](#) [NU](#)  
SUBJECT: NICARAGUA: "NO MORE UPPITY GRINGOS"

REFS: A) MANAGUA 301, B) MANAGUA 287, C) MANAGUA 274, D) MANAGUA  
173, E) MANAGUA 0106, F) MANAGUA 0002, G) 07 MANAGUA 2581, H) 01  
MANAGUA 2313, I) 04 MANAGUA 2442, J) 04 MANAGUA 2324

SUMMARY  
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¶1. (SBU) In a March 17 interview with a local newspaper on the status of U.S. citizen property claims, Attorney General Hernan Estrada challenged WHA/CEN Director John Feeley's concerns that the Government of Nicaragua (GON) has so far resolved few U.S. citizen property claims during the 2007-2008 waiver year. The Attorney General expressed confidence that the United States would grant Nicaragua a Section 527 waiver for foreign assistance. Estrada reported the GON is tracking 572 claims belonging to 376 U.S. citizens. The Attorney General alleged that U.S. claimants and their legal representatives have engaged in improprieties in pursuing compensation, or they have not accepted "reasonable" offers from the GON to resolve their claims. He also complained that the USG continued to accept cases after a December 20, 2003, deadline established by the GON. Estrada's interview seeks to give an impression of confidence regarding the Ortega administration's approach to resolving claims and convey that the GON, not USG, is running the show.

ORTEGA ADMINISTRATION ON RECORD PACE  
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¶2. (U) On March 17, national center-left newspaper "El Nuevo Diario" published a front page interview with GON Attorney General Hernan Estrada on U.S. citizen property claims. Under the front page headline that read "No More Uppity Gringos," Estrada's interview was a direct response to WHA Central American Affairs Director John Feeley's March 4 interview with "El Nuevo Diario," in which Feeley underscored USG concerns about slow progress in resolving U.S. property claims during the current waiver year.

¶3. (U) Estrada asserted that the Ortega administration is resolving U.S. citizen property claims at a faster pace than the previous Chamorro, Aleman, or Bolanos administrations. He evinced confidence that the USG would grant the GON a waiver for the 2007-08 waiver year.

¶4. (SBU) Note: As of March 19, 2008, the GON has resolved 5 claims during the 2007-08 waiver year, 3 via the administrative process and 2 through local courts. However, one U.S. citizen informed us that two of his claims in our database were resolved in 1999, bringing the total to 7. During the 2006-07 waiver year, the GON resolved 34 claims, but the Ortega administration is responsible for only 5.

During the 2005-06 waiver year, the Bolanos administration resolved 86 claims. From 1996 to 2006, the Chamorro, Aleman, and Bolanos administrations resolved an average of 155 U.S. citizen claims per year (Ref A). End Note.

#### A CASE IS RESOLVED WHEN WE SAY SO

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15. (U) Estrada claimed that the GON currently tracks 572 claims belonging to 376 U.S. citizens. He added that the Ortega administration categorizes claims according to the status of each in the administrative process and in the courts. Estrada noted that the United States and Nicaragua differ on how we define a "resolved" claim. He explained that the GON considers a case resolved when it is either dismissed or favorably resolved, while the USG only considers a claim resolved when the decision is in favor of the claimant. Estrada highlighted the "challenge" he faces in educating the Embassy about the Ortega administration's procedures for resolving U.S. claims.

16. (SBU) Note: As of March 19, 2008, the Embassy Property Office is tracking 666 Embassy-registered property claims belonging to 293 U.S. citizens. Within the last three months, the GON has dismissed 52 U.S. citizen claims because, according to the GON, claimants (a) cannot prove they had owned the property in question, (b) cannot prove that the GON had ever expropriated the property, (c) failed to present necessary documentation, (d) a claim is deemed inadmissible because the claimant already possesses the property, (e) the matter is being handled in court, and/or (f) the claimant was considered an ally of Somoza based on Decrees 3/1979 and 38/1979. The Embassy considers a case resolved when the property is returned to the claimant, or he/she received acceptable compensation. We cannot consider these 52 cases resolved because the GON has yet to share any credible information with us to show that it has implemented a fair and transparent case dismissal policy (Refs A-H). End Note.

#### U.S. CLAIMANTS ARE CORRUPT

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17. (U) Estrada alleged that U.S. claimants and their legal representatives had engaged in improprieties with GON officials of previous administrations in pursuing compensation for their properties. He asserted that other U.S. claimants, such as Norman Senfeld, have not accepted "reasonable" offers from the GON to resolve their claims. Estrada also complained that the Embassy Property Office continued to accept cases after a December 20, 2003, deadline the GON established as the last day for claimants to submit their claims to the National Confiscations Review Commission (CNRC).

18. (SBU) Note: The GON has previously made vague references accusing U.S. claimants or their legal representatives of corruption in pursuing compensation for their claims. Econoffs have asked GON officials to share any information they had on such practices, but they have refused to provide details (Refs I-J). With regard to U.S. claimants not accepting "reasonable" settlements, some claimants have rejected offers by the GON because they are not based on fair market value. As for Estrada's allegation that the Embassy accepted claims after the Nicaraguan deadline of December 20, 2003, deadline, we are unclear about his complaint. The Embassy understands that the deadline for filing a property claim with the CNRC was December 23, 2000. If an individual did not file a claim prior to that date, he/she must pursue that claim in court. The deadline for filing a claim with the Property Office under Section 527 was July 31, 2005. The Property Office accepts U.S. claims filed after that date, but considers them post-waiver cases. The Property Office is not aware of any agreement between the United States and Nicaragua regarding claims that were presented after December 2003. End Note.

#### COMMENT

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19. (SBU) Estrada's interview seeks to convey confidence that the Ortega administration's approach to resolving U.S. property claims, that is, cleaning up the "errors" of previous administrations, will be well-received by the public. Estrada also may have wanted to convey that the GON, not the USG, is running the show. While we

have seen some positive movement on their part after WHA/CEN Director Feeley's visit on March 4, the Ambassador's meeting with Estrada on February 26 (Ref C), and then the Ambassador's meeting with Estrada, Foreign Minister Samuel Santos and Nicaraguan Ambassador to the U.S. Arturo Cruz on March 7, we remain unconvinced that the GON is truly committed to resolve a reasonable number of claims this year.

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